STATE OF MICHIGAN

DEPARTMENT OF LABOR & ECONOMIC GROWTH

OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of Financial and Insurance Regulation

In the matter of

XXXXX
Petitioner **File No. 89803-001**
v

Blue Cross Blue Shield of Michigan
Respondent
_____/

Issued and entered
This 9th day of September 2008
by Ken Ross
Commissioner

ORDER

I
PROCEDURAL BACKGROUND

On May 14, 2008, XXXXX, authorized representative of XXXXX (Petitioner), filed a request for external review with the Commissioner of Financial and Insurance Regulation under the Patient's Right to Independent Review Act, MCL 550.1901 *et seq*. The Commissioner reviewed the request and accepted it on May 21, 2008.

The Commissioner notified Blue Cross Blue Shield of Michigan (BCBSM) of the external review and requested the information used in making its adverse determination. The Commissioner received BCBSM's response on June 2, 2008.

The issue in this external review can be decided by a contractual analysis. The contract here is the BCBSM Community Blue Group Benefits Certificate. Rider CBD $500-P (Community Blue Deductible Requirement for Panel Services) also applies. The Commissioner reviews contractual issues pursuant to MCL 550.1911(7). This matter does not require a medical opinion from an independent review organization.

II
FACTUAL BACKGROUND

Prior to May 1, 2007, the Petitioner had group health care coverage under three BCBSM certificates: Comprehensive Hospital Care Certificate, Professional Services Group Benefit Certificate, and Master Medical Supplemental Benefit Certificate. She received services during the first four months of 2007 under that coverage and applicable deductibles and copayments were assessed in accordance with the terms of that coverage.

Effective May 1, 2007 the Petitioner's group changed its health care coverage to the BCBSM Community Blue Group Benefits Certificate along with Rider CBD $500-P, which provides for a $500 per member annual deductible for panel services, and Rider CB-CM-P $2,500, which provides for an annual copayment maximum of $2,500 per member.

On May 2, 2007, the Petitioner received several medical services and $90.67 was applied to the $500.00 annual deductible under the new coverage. On May 4, 2007, the Petitioner received additional medical services, including an outpatient surgery. BCBSM's approved amount for those services was $1,018.90. BCBSM applied $409.33 to satisfy the remainder of the $500.00 annual deductible, and a copayment of $121.91.

The Petitioner appealed BCBSM's decision to apply $409.33 to the annual deductible, arguing that any deductible amounts assessed under the coverage in effect before May 1, 2007, should have been credited to the deductible obligation under the Community Blue Certificate since they were both BCBSM products.

BCBSM held a managerial-level conference on April 9, 2008, and issued a final adverse determination dated April 17, 2008.

III
ISSUE

Did BCBSM correctly apply the Community Blue deductible to the medical services provided the Petitioner after May 1, 2007?

IV
ANALYSIS

Petitioner's Argument

The Petitioner's group coverage changed from one BCBSM plan to another BCBSM plan on May 1, 2007. The Petitioner believes the copayments and deductibles from the previous plan should be credited to the new coverage because both plans are from BCBSM and both have deductibles and copayment maximums that are calculated on a calendar year basis.

BCBSM's Argument

BCBSM says that during 2007 the Petitioner's health care coverage was provided under two separate and distinct plans with different coverage documents. Before May 1, 2007, she had coverage under the Comprehensive Hospital Care Group Benefit Certificate, the Professional Services Group Benefit Certificate, and the Master Medical Supplemental Benefit Certificate. Effective May 1, 2007, her coverage was defined by the Community Blue Group Benefits Certificate along with Riders CBD $500-P and CB-CM-P $2,500. BCBSM says each plan's coverage documents constitute a separate and distinct benefit package. Each plan has its own benefits, benefit limitations, and member cost-sharing requirements as well as its own premiums, and there is no provision for carrying over deductibles from one plan to another.

BCBSM points out that just as the deductible paid under one plan does not carry over to another plan, neither do the benefit limitations. For example, prior to May 1, 2007, under the Master Medical Certificate, the Petitioner was eligible for 20 chiropractic spinal manipulations during a 90-day period. The Community Blue certificate limits coverage to 24 chiropractic spinal manipulations per calendar year. However, any manipulations the Petitioner may have had under the Master Medical Certificate would not count against the limit in the Community Blue Certificate – she would receive the benefit of 24 chiropractic manipulations in calendar year 2007 even if she had already received 24 or more manipulations under the Master Medical Certificate.

BCBSM argues that it appropriately applied the deductible provision of Rider CBD $500-P to the services the Petitioner received on May 4, 2007.

Commissioner's Review

The Petitioner believes that any deductible or copayment she paid under the early coverage in 2007 should apply to the deductible or copayments required under the later coverage since both are for the same calendar year and both coverages are from BCBSM. However, she points to no provision in any certificate or related rider or in state law to support that argument. While it is unfortunate that BCBSM chooses to administer its benefit plans in this fashion, the Commissioner finds nothing that requires such a carry over of deductibles under the circumstances here. The Community Blue deductible and copayment requirements for 2007 are satisfied only by expenses incurred after May 1, 2007.

Therefore, BCBSM acted properly when it applied the Community Blue deductible and copayments only to the medical expenses the Petitioner incurred after May 1, 2007. The Commissioner finds that BCBSM correctly applied the provisions of the Petitioner's certificate and applicable riders.

V
ORDER

BCBSM's final adverse determination of April 17, 2008, is upheld.

This is a final decision of an administrative agency. Under MCL 550.1915, any person aggrieved by this Order may seek judicial review no later than sixty days from the date of this Order in the circuit court for the county where the covered person resides or in the circuit court of Ingham County. A copy of the petition for judicial review should be sent to the Commissioner of the Office of Financial and Insurance Regulation, Health Plans Division, Post Office Box 30220, Lansing, MI 48909-7720.